

## Message Text

LIMITED OFFICIAL USE

PAGE 01 CARACA 02913 130211Z

65

ACTION ARA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 PA-01 PRS-01

SCCT-01 XMB-02 FRB-03 /098 W  
----- 122357

R 122050Z MAR 76

FM AMEMBASSY CARACAS  
TO SECSTATE WASHDC 2356  
INFO AMEMBASSY BOGOTA  
AMEMBASSY GEORGETOWN  
AMEMBASSY PORT OF SPAIN  
AMCONSUL CURACAO

LIMITED OFFICIAL USE CARACAS 2913

E.O. 11652: N/A

TAGS: PGOV, PINT, PINS, ENRG, VE

SUBJECT: THIS WEEK IN VENEZUELA

SUMMARY. PRESIDENT DELIVERS ANNUAL MESSAGE TO CONGRESS. NO  
LEADS IN THE NIEHOUS KIDNAPPING. CABINET APPROVES THE FIFTH  
NATIONAL PLAN. OIL PRODUCTION IS ABOUT 2.2 MILLION B/D. FEA  
STOCKPILE PLAN PUBLICIZED. PETROVEN'S SECOND QUARTER OIL PRICES  
UP SLIGHTLY. PETROVEN DIRECTOR RESIGNS. AGREEMENT REACHED  
ON SEVERANCE BENEFITS FOR OIL WORKERS. FIGHT IN THE URD PARTY  
CONTINUES. CARACAS PLAGUED BY GARBAGE DISPOSAL PROBLEMS. END  
SUMMARY.

1. THIS WEEK IN CARACAS. OTHER THAN THE NIEHOUS KIDNAPPING,  
WHICH CONTINUED THE BIGGEST LOCAL NEWS, THIS WAS A ROUTINE WEEK  
IN ANTICIPATION OF THE PRESIDENT'S ANNUAL MESSAGE MARCH 12.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CARACA 02913 130211Z

2. PRESIDENT'S ANNUAL MESSAGE. ON MARCH 12 PRESIDENT PEREZ

GAVE HIS SECOND ANNUAL MESSAGE TO CONGRESS. HIS SPEECH DEALT CHIEFLY WITH ECONOMIC TOPICS, ESPECIALLY THE FIFTH NATIONAL PLAN (SEE BELOW). IN INTERNATIONAL AFFAIRS PEREZ SAID THE SECRETARY'S RECENT VISIT GAVE VENEZUELA AN OPPORTUNITY TO AFFIRM ITS "INDEPENDENT POSITION." WITHOUT MENTIONING CUBA BY NAME, PEREZ EXPRESSED "ABSOLUTE OPPOSITION" TO ANY HEMISPHERE COUNTRY INTERVENING NOT ONLY IN THE AREA'S INTERNAL PROBLEMS, BUT ALSO IN "EXTRACONTINENTAL CONTROVERSIES." PEREZ SAID VENEZUELA WOULD NEVER ACCEPT A SOLUTION TO THE DIFERENDO WITH COLOMBIA WHICH WOULD ADVERSELY AFFECT VENEZUELA AND WITHOUT FULL NATIONAL UNDERSTANDING.

3. NIEHOUS KIDNAPPING. TWO WEEKS AFTER OWENS-ILLINOIS EXECUTIVE WILLIAM NIEHOUS WAS KIDNAPPED FROM HIS HOME HERE ON FEBRUARY 27, DESPITE AN EXTENSIVE INVESTIGATION BY THE VENEZUELAN POLICE, NO PROGRESS HAS BEEN MADE IN RECOVERING HIM. IT IS STILL UNCLEAR WHO THE ABDUCTORS WERE AND WHAT THEIR MOTIVATION MAY BE.

4. FIFTH NATIONAL PLAN APPROVED BY CABINET. THE LONG-AWAITED FIFTH NATIONAL PLAN WAS APPROVED BY THE CABINET ON MARCH 5. THE PLAN, WHICH NOW COVERS THE YEARS 1976-1980, MET SEVERE OPPOSITION, NOT ONLY FROM THE PRIVATE SECTOR AND OTHER POLITICAL PARTIES, BUT ALSO FROM ELEMENTS WITHIN THE PRESIDENT'S AD PARTY, ON THE GROUNDS THAT IT WAS TOO STATIST AND MORTGAGED THE FUTURE BY PROVIDING FOR LARGE PUBLIC CREDITS. THE LEVEL OF THE PUBLIC CREDITS WAS EVENTUALLY SCALED DOWN.

5. OIL PRODUCTION. AVERAGE DAILY 1976 PRODUCTION THROUGH MARCH 3 WAS 1,875,098 BARRELS. EXTRAPOLATING THIS FIGURE AGAINST THE AVERAGE FOR THE WEEK ENDING FEBRUARY 25, IT WOULD APPEAR THAT PRODUCTION THE FOLLOWING WEEK JUMPED DRAMATICALLY TO THE LEVEL OF 2.4 MILLION B/D. THIS DID NOT HAPPEN. GOV SOURCES DESCRIBE THE STATISTICS COMPILED AT THE END OF EACH MONTH AS UNRELIABLE, SINCE THIS IS THE PERIOD WHEN THE TAXES ON OIL IN STORAGE TANKS ARE CALCULATED AND VERIFIED AND ADJUSTMENTS TO PREVIOUS REPORTING ARE MADE. VENEZUELA'S PRODUCTION ON MARCH 10 WAS 2,251,700 B/D AND EXPORT SALES ABOUT 1.85 MILLION B/D. EXXON IS NOW TAKING 1,015,000 B/D.

6. FEA STOCKPILE. THE CARACAS PRESS MARCH 11 FRONT-PAGED A LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CARACA 02913 130211Z

NEW YORK TIMES EDITORIAL THE DAY BEFORE DESCRIBING THE PROPOSED ONE BILLION BARREL FEA CRUDE OIL STOCKPILE AS A GOVERNMENT-TO-GOVERNMENT ARRANGEMENT WHEREBY THE U.S. WOULD BUY VENEZUELAN PETROLEUM. MINES MINISTER VALENTIN HERNANDEZ ACCURATELY DESCRIBED TO THE PRESS THE STOCKPILE AS THE SUBJECT OF HIS RECENT CONVERSATION WITH FEA ADMINISTRATOR ZARB IN VENEZUELA. NEITHER PRICES NOR CONDITIONS OF THE PROPOSED PURCHASE BY FEA HAVE BEEN DISCUSSED, THE MINISTER STATED.

PETROVEN PRESIDENT ALFONZO RAVARD ADDED THAT IT IS "UNCERTAIN" WHETHER THERE WOULD BE NEGOTIATIONS WITH THE FEA.

7. SECOND QUARTER OIL PRICES. OIL COMPANIES ARE EXPECTED TO RESPOND MARCH 12 TO THE SECOND QUARTER PRICES THEY RECEIVED FROM PETROVEN AT THE BEGINNING OF THE MONTH. WE UNDERSTAND FROM PETROVEN SOURCES THAT THERE WILL BE AN OVERALL FIVE CENT PER BARREL INCREASE ABOVE FIRST QUARTER PRICES. THERE WERE, HOWEVER, DOWNWARD AS WELL AS UPWARD ADJUSTMENTS, PARTICULARLY FOR SLOW-SELLING HEAVY CRUDES. PETROVEN OFFICIALS DO NOT BELIEVE THESE PRICE ADJUSTMENTS WILL AFFECT OFFTAKE.

8. PETROVEN DIRECTOR RESIGNS. JULIO SOSA RODRIGUEZ, EX-AMBASSADOR TO THE U.S., HAS RESIGNED AS ONE OF PETROVEN'S NINE DIRECTORS. THE OFFICIAL REASON GIVEN WAS AVOIDANCE OF A CONFLICT OF INTEREST, SINCE SOSA IS A DIRECTOR OF, AMONG OTHER BUSINESS INTERESTS, A PRIVATE PETROCHEMICAL COMPANY, AND PETROVEN IS EXPECTED TO ASSUME RESPONSIBILITY FOR ALL PETROCHEMICAL DEVELOPMENTS. HOWEVER, IT IS KNOWN THAT SOSA WAS NOT CONTENT AS A PART-TIME DIRECTOR OF PETROVEN, AND THAT HE HAD WANTED TO PARTICIPATE ACTIVELY IN NATIONALIZATION NEGOTIATIONS WITH THE OIL COMPANIES, BUT THAT THE MINES MINISTER HAD NOT AGREED. IRONICALLY, SOSA WILL NOW BECOME A HIGH-LEVEL ADVISER TO THE MINISTRY OF MINES.

9. OIL WORKERS MAY RECEIVE UP TO 50 PERCENT SEVERANCE BENEFITS. THE OIL WORKERS UNION (FEDEPETROL), THE GOV, AND REPRESENTATIVES OF THE BANKING INDUSTRY SIGNED AN AGREEMENT ON MARCH 10 PERMITTING THE PETROLEUM WORKERS TO OBTAIN IN CASH UP TO 50 PERCENT OF THE SEVERANCE BENEFITS VESTED IN THEM AT THE TIME OF NATIONALIZATION, IF THEY SO DESIRE. THIS GIVES THE PETROLEUM WORKERS PARITY WITH THE IRON MINERS, WHO WON A SIMILAR AGREEMENT AFTER TWO WILDCAT STRIKES LAST YEAR AFTER NATIONALIZATION OF THE IRON MINES. THE WAY IS NOW CLEAR FOR FEDEPETROL AND THE GOV-OWNED LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 CARACA 02913 130211Z

PETROVEN TO OPEN NEGOTIATIONS FOR A NEW CONTRACT IN APRIL.

10. INTERNECINE DISPUTE WITHIN URD CONTINUES. EX-SENATOR LEONARDO MONTIEL ORTEGA, UNTIL RECENTLY THE "DAUPHIN" OF THE DECLINING UNION REPUBLICANA DEMOCRATICA PARTY, WAS "SUSPENDED" FROM THE PARTY AT A SPECIAL MEETING ON MARCH 9, PRESIDED OVER BY THE PARTY'S FOUNDER, JOVITO VILLALBA. MONTIEL IS ACCUSED OF MAKING STATEMENTS IN PUERTO RICO IN JANUARY TO THE EFFECT THAT THE RISE IN PETROLEUM PRICES HAD CONTRIBUTED TO WORLD INFLATION, AND NOT THE OTHER WAY AROUND, WHICH THE URD CONSIDERS AN AFFRONT TO BOTH OPEC AND "VENEZUELAN NATIONAL POLICY." MONTIEL ACCUSED THE MEETING OF BEING "ILLEGAL, NEPOTISTIC AND ABSOLUTIST," AND SAID HE WOULD FIGHT HIS SUSPENSION, BUT IT NOW APPEARS AS IF MONTIEL, WHO SAW HIMSELF AS INHERITING CONTROL OF THE URD FROM THE AGEING VILLALBA, IS A MAN WITHOUT A PARTY.

11. GARBAGE DISPOSAL PROBLEMS PLAGUE THE CAPITAL. QUALITY OF LIFE TOOK A BEATING IN CARACAS THIS WEEK AS GREAT PILES OF REFUSE ACCUMULATED IN THE EAST SIDE OF THE CITY. THESE WERE REMOVED ONLY BY AN ALL-OUT EFFORT BY GARBAGEMEN FOLLOWING TELEGRAMS FROM PRESIDENT PEREZ ORDERING THE GOVERNORS OF THE FEDERAL DISTRICT AND OF THE STATE OF MIRANDA TO CLEAN UP THE MESS IMMEDIATELY. BLAME IS FALLING ON THE MUNICIPAL COUNCIL OF PETARE, VENEZUELA'S RICHEST, AND WIDELY CONSIDERED THE COUNTRY'S MOST CORRUPT. A DAY LATER A BIG FIRE BROKE OUT IN THE HUGE OJO DE AGUA GARBAGE DUMP ON THE CARACAS-LA GUAIRA ROAD, FILLING THE AIR WITH SMOKE MIXED WITH LOW RAIN CLOUDS -- WHICH HAVE TENACIOUSLY AND UNSEASONABLY HOVERED OVER THE CITY FOR SEVERAL WEEKS -- TO FORM A DAMP, SMOGGY PALL OVER MUCH OF THE CITY. SHLAUDEMAN

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRESIDENT, POLITICAL SUMMARIES, SPEECHES, CENTRAL LEGISLATURE, POLITICAL SITUATION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 MAR 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976CARACA02913  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760095-1018  
**From:** CARACAS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760368/aaaachqj.tel  
**Line Count:** 184  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION ARA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CunninFX  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 19 JUL 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <19 JUL 2004 by izenbei0>; APPROVED <23 AUG 2004 by CunninFX>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** THIS WEEK IN VENEZUELA SUMMARY. PRESIDENT DELIVERS ANNUAL MESSAGE TO CONGRESS. NO  
**TAGS:** PGOV, PINT, PINS, ENRG, VE, (PEREZ, CARLOS ANDRES)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006